

# JFMIP NEWS

A Newsletter for Government Financial Managers

Summer 2001 Vol. 13. No. 2.

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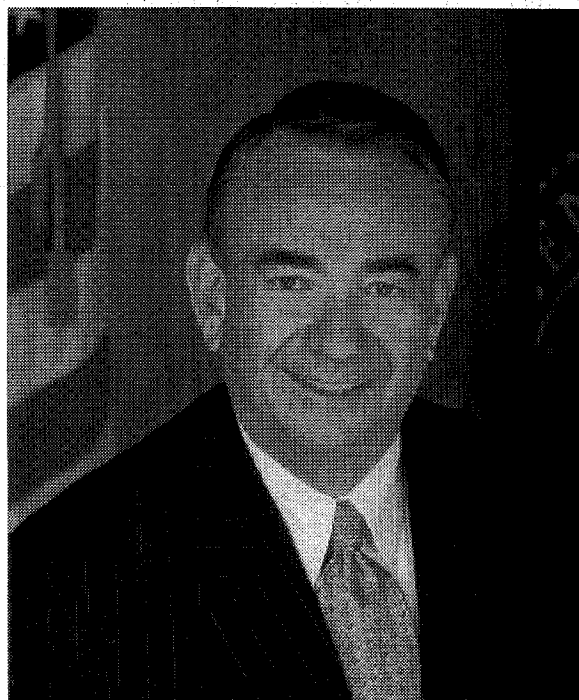
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**O**n May 18, 2001, Department of Health and Human Services Secretary Tommy G. Thompson released, on behalf of 26 federal agencies, a government-wide plan to streamline grants programs and to make it easier and less costly for States, universities, businesses and other grant recipients to work with the federal government. The initial plan is a result of the Federal Financial Assistance Management Improvement Act of 1999 (P.L. 106-107) which provides both a mandate and a challenge for the administration of federal financial assistance programs and activities. This initial plan fulfills the requirements of the Act that the agencies develop implementation plans and submit them to the Director of the Office of Management and Budget (OMB) and to the Congress by May 20, 2001. The purposes of the Act are to (1) improve the effectiveness and performance of federal financial assistance programs, (2) simplify federal financial assistance application and reporting requirements, (3) improve the delivery of services to the public, and (4) facilitate greater coordination among those responsible for delivering the services.

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Tommy G. Thompson  
Secretary of Health and Human Services

## New OPM Director and JFMIP Principal



Kay Cole James  
Director of OPM

**K**ay Cole James was sworn in as the Director of the U.S. Office of Personnel Management on July 16, 2001. As the OPM Director, she will be the chief advisor on human resources issues, pay, and benefits for the nation's 1.8 million federal employees. Ms. James will work to attract into public service talented people who are prepared to take on global challenges in medicine, defense, education and the environment.

"Our government can only be good as the people it employs. I am honored to serve in an Administration dedicated to recruiting and retaining individuals of the highest capabilities, skills, and commitment," said Ms. James.

Ms. James is a 20-year veteran of American public policy. She most recently was a Senior Fellow for The Citizenship Project at The Heritage Foundation and has served under two previous Administrations. Under President Reagan, she was a member of the White House Task Force for the Black Family and the National Commission on Children. During President George H.W. Bush's Administration, she was the Associate Director of the White House Office of National Drug Control Policy

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# A Joint Perspective

## The Evolving Financial Management Focus

In a decade's time legislative and policy framework has changed federal financial accountability from simply tracking budget and appropriations to a more robust and "commercial" style of financial reporting and accrual based accounting and reporting. It also directed federal agencies toward reliance on commercially developed system solutions, when cost-effective. The following elements of the framework are key to improving executive branch decision-making, performance, and accountability, as well as congressional oversight:



*Karen Cleary Alderman*  
Executive Director, JFMIP

- Shift from input processes to results-oriented management and accountability as required by the Government Performance and Results Act,
- Establish the basis for routine generation of accurate, timely, and reliable financial and program cost information through the passage of the Chief Financial Officers (CFO) Act and related legislation,
- Discipline and focus the information technology planning and investment process as mandated by the Information Technology Management Reform Act and the Paperwork Reduction Act, and
- Emphasize protection of information access and personal privacy through the Computer Security Act, as amended, and the Information Security Act of 2000.

In combination, this statutory management framework sets high expectations for linking resources to results and for exploiting modern information management systems to deliver services and support decision-making. In a decade's time, the bar for federal financial systems had been raised; individual agencies must be able to produce timely, accurate, reliable, and audited financial reports on their operations and resources in a manner that enables roll-up of the information into a government-wide report to the nation.

The new administration's financial management policy and directions are

emerging. They build on trends that were set in place with the passage of the Chief Financial Officer's Act but are focused on achieving greater discipline and timeliness of financial information for management purposes. The 2000 performance of CFO agencies in terms of meeting financial reporting goals was the best ever. All 24 CFO agencies submitted their financial statements on time. Eighteen had clean audit opinions, three had qualified opinions, and three had disclaimers. This is steady improvement. However, the new administration views this performance as the beginning of progress, not the end state. In the words of OMB Director Mitch Daniels, "Heroic efforts where people work night and day to get a clean opinion as of a certain date are meaningless exercises unless they lead to the next step, the generating of reliable financial information on a daily, weekly, monthly and quarterly basis." Treasury Secretary O'Neill calls for the acceleration in the timing of financial reports in order for the information to be useful in decision making. Under the Government Management and Reform Act, the Department of the Treasury is to issue a consolidated and audited Financial Report of the United States by March 31 of each year. This means that Federal agencies must issue audited financial statement by March 1—five months, after the close of the fiscal year. However, draft guidance recently issued by OMB is calling for accelerated timelines and greater depth of reporting including:

- **Timeliness**
  - moving the reporting deadline for Federal agencies to February 1 for FY 2002;
  - requiring unaudited, quarterly financial statements for FY 2003 as a means of improving timeliness;
- **Usefulness**
  - requiring comparative statements;
  - integrated accountability reports with increased focus on measuring program performance;
- **Reliability**
  - requiring audits of all major agency component units for FY 2003;
  - achieving a clean opinion for all domestic agencies by 2003 and for the governmentwide report by 2005.

The implications of these proposals are that the current methods of compiling and auditing financial statements at the end of the fiscal year were a first step. The goal has been shifted to making information useful, timely and reliable to enable decision makers to use accrual based, full cost program information, rather than cash based information. To meet this goal, the underlying financial systems must improve. The financial management model must evolve to incorporate stronger internal controls, correct and complete information at the source entry, consistent business rules and data architecture, and information integration. Financial results, as captured in financial systems, will increasingly be used to justify budget proposals. We have a way to go before federal agencies have the tools to manage in this way. Realizing this vision requires senior level commitment and leadership, cultural change in financial and program offices, better business processes, and modern business systems and tools.

### JFMIP's Impact on the Administration's Financial Management Improvement Agenda

Current JFMIP initiatives assist federal agencies in achieving these goals through the development and issuance of financial system requirements, testing and qualifying software, and most recently, in the development of recommendations to improve the ability of federal agencies to identify and properly account for intergovernmental transactions. JFMIP's is making steady progress in issuing system requirements relative to the Federal agency system architecture.

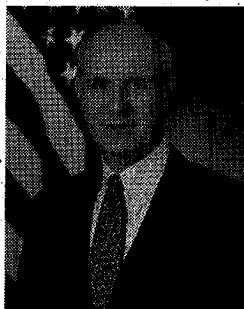
This issue of the *JFMIP News* provides summaries on the update of the *Core Financial System Requirements* exposure draft that was issued on June 12, 2001. We are looking for the community to provide comments by August 20, so that we can address those comments and issue the final document in October. The *Benefit System Requirements* Exposure Draft was issued on May 4 with the comment period concluding on July 15. Our goal is to issue this final document by the end of summer.

The Acquisition /Financial Systems Interface Requirements Project, which is co-sponsored by JFMIP and the Procurement Executive Council, is making rapid progress

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## New CFO Council Members

**D**r. Bruce M. Carnes is the Chief Financial Officer (CFO) at the Department of Energy. Prior to his confirmation as CFO, he was the Deputy Director of the Defense Finance and Accounting Service (DFAS) at the Department of Defense. He has also served as the Director of Planning, Budget and Administration at the National Drug Control Policy from 1989 to 1993 and was Deputy Under Secretary of Education from 1985 to 1988. Mr. Carnes entered the federal service in 1976. He has worked at the U.S. Department of Education and National Endowment for the Humanities. Prior to his federal government career, he was an assistant professor of English at James Madison



Dr. Bruce M. Carnes  
CFO, DOE

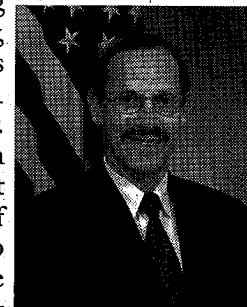
University in Harrisonburg, Virginia. He is a graduate of the University of Colorado and received a master's degree and Ph.D. from Indiana University.

On May 24, 2001, **Donna McLean** was sworn in as the new Assistant Secretary for the Office of Budget and Programs and CFO at the U.S. Department of Transportation. She was the Assistant Administrator for Financial Services at the Federal Aviation Administration since August 1999. Ms. McLean was a professional staff member of the House Transportation and Infrastructure Committee, Aviation Subcommittee, U.S. House of Representatives. She also had previous experience at the Department of Transportation, Office of the Secretary, and at the Office of Management and Budget. Ms. McLean earned a bachelor of science degree in political science and a master's degree of public affairs from Indiana University.

On May 4, 2001, **Dov S. Zakheim** was sworn in as the Under Secretary of Defense (Comptroller) and Chief Financial Officer for

the Department of Defense. Mr. Zakheim has previously served in a number of key positions in government and private business. Most recently, he was corporate vice president

of System Planning Corp., a technology, research and analysis firm. From 1981 until March 1987, Mr. Zakheim held a variety of positions at the Department of Defense. Prior to that, he was at the Congressional Budget Office. He has a bachelor's degree in government from Columbia University, and studied at the London School of Economics. He earned his doctorate in economics and politics at St. Anthony's College, University of Oxford. He has been an adjunct professor at the National War College, Yeshiva University, Columbia University and Trinity College. ■



Dov S. Zakheim  
CFO, DOD

## JFMIP Issues Paper on Parallel Operation of Software

**J**FMIPI issued a White Paper entitled *Parallel Operation of Software: Is It A Desirable Software System Transition Technique?* It is intended to assist agencies that are developing appropriate risk mitigation strategies when transitioning to new financial systems, especially to commercial off-the-shelf (COTS) software for which existing business processes must be reengineered to avoid customizing software.

The White Paper updates selected information regarding transitioning to a new system currently contained in the *JFMIP Framework for Federal Financial Management Systems*, FFMSR-0, issued in January 1995. Since the *Framework* document was issued, technology and implementation practices have evolved. The white paper, as well as others that are yet to be developed, will update and expand selected topics on financial systems that are of critical interest to agencies and oversight communities. JFMIP's goal is to provide current information through posting the White Papers series on the JFMIP

Knowledgebase ([www.jfmip.gov](http://www.jfmip.gov)), and to allow the public to communicate or vet topics that will be incorporated into a later update of the *Framework* document.

The *JFMIP Framework* references parallel operations as one of three systems transitioning techniques. It states: "Running the new and existing system in parallel allows operations to continue in the old system while errors are corrected in the new system". However, in light of the recent transition to commercial off-the-shelf software (COTS) applications as the primary source of financial systems replacements, there is a need to rethink the practice of parallel operations. The paper discusses the appropriateness of parallel operation of software as a risk mitigation practice, when replacing the agency's Core financial system. The paper defines parallel operations, discusses issues associated with parallel operations, how parallel operations is affected by the changing environment, and problems associated with parallel operations.

For example, it discusses:

- What are key testing considerations when implementing new systems?
- What are the benefits and costs associated with operating software in a parallel mode?
- Is parallel operation a good business practice during systems implementation?
- Is parallel operation being mandated to address other requirements such as continuity of operation in the event of a system failure?

The paper concludes that while a strong test plan to mitigate risk during planning and implementation is essential, the cost of parallel operations, and the difficulty in reconciling old and new system results when business processes have been reengineered generally make parallel operations a less desirable risk mitigation strategy.

Please contact [bruce.turner@gsa.gov](mailto:bruce.turner@gsa.gov) for additional information. ■

## Reflections of a CFO Council Fellow

By Carla Kohler

I am a member of the Chief Financial Officers (CFO) Council Fellows class of 2001, sponsored by Defense Finance and Accounting Service (DFAS). The CFO Fellows program was implemented to provide professional development to future financial management leaders. The program consists of formal leadership training, individualized training, briefings from forward thinking managers in Federal financial management and a year long developmental assignment. I was fortunate to complete my developmental assignment at the Joint Financial Management Improvement Program (JFMIP) from May 2000 through April 2001. In addition to the major elements of the program, I was also involved in special projects, participated in government-wide workgroups, published articles and enhanced my public speaking.



Carla Kohler

The first significant project that I participated in was the development of the *Property Management Systems Requirements* document. I assisted in the compilation of over 600 responses from over 40 respondents to the exposure drafts that were published. I attended meetings with various stakeholders to resolve unsettled issues.

I also publicized the final document and prepared press releases to newspapers, articles for newsletters and messages to massive email listings. I coordinated an open house briefing and question/answer session to present the final *Property Management Systems Requirements* document. Over 100 persons attended, including representatives from various functional areas in federal agencies, software vendors, and federal oversight community. As a follow up to the publication of the *Property Management Systems Requirements*, I served as a panel leader at the National Property Management Association training conference to discuss the effect of the requirements on property managers. Others on the panel were Mr. James Rosebrock (Bureau of Alcohol, Tobacco and Firearms), Mr. Steve Sosson (Treasury) and Stan Azebu

(Department of Defense). The opportunity to work with individuals from various agencies enhanced my professional development and exposed me to the many differences and similarities across the entire government.

I improved my communication skills by interviewing high-level financial managers and writing profiles for the JFMIP newsletter. During the course of the year, I interviewed Mr. Mark Carney, Deputy CFO at Department of Education; Mr. Robert Hale, Assistant Secretary of the Air Force for Financial Management and Mr. Jesse Funches, CFO at Nuclear Regulatory Commission.

I was in a somewhat unique situation in that I relocated to the Washington DC area for the Fellowship from my home agency, DFAS in Kansas City. I seized the educational opportunity of the Nation's capital by attending various congressional testimonies and attended a week-long seminar detailing the operations of Congress. I also used this opportunity to increase my professional development by attending various meetings of financial management organizations and reading current literature on management theory.

Other members of the CFO Fellows class of 2001 and their sponsoring agencies are Mike Cocimano (Environmental Protection Agency), Carol Harvey (National Aeronautics and Space Administration), Wesley Jarmon (Federal Communications Commission), Alice Sabatini (U.S. Geological Survey), Bruce Tarsia (Bureau of Labor Statistics), Mark Traversa (Department of Education), and Valerie Zellmer (National Aeronautics and Space Administration). Our class selected the theme "Entrepreneurial Government" for the year and aggressively sought out unique practices or organizations within the Federal Government and coordinated briefings in keeping with that theme. Some examples of briefings we attended are:

### Interior/U.S. Geological Survey

*Interior's Franchise Fund*  
Mr. Tony Queern

### Education/Student Financial Assistance

*Performance Based Organizations*  
Mr. James Lynch

## New JFMIP Staff Member

JFMIP has a new permanent staff member, **J. Gordon Dean**. Mr. Dean is a computer system specialist who will serve as the JFMIP local area network administrator and the technical support coordinator.

He will design and develop JFMIP publications and computer graphic presentations, and will also serve as JFMIP Webmaster.

Gordon grew up as a native of the Washington suburbs, attending the University of North Carolina at Greensboro before leaving school to establish a design studio in the then new field of computer graphics. Pyramid Associates Studios produced innovative commercial design, and entered the realm of online servicing before its shutdown in the face of the 1992 recession.

Gordon came to work for the federal government in October 1992, at the Office of Personnel Management in the Office of Insurance Programs, which handles the health and life insurance programs for federal personnel. While he was at OPM, he became involved in the first major rollout of technology to non-secretarial staff at OPM, and stayed with OPM for nine years in the role of a Technical Support Coordinator. He helped to resolve the needs of end users and assisted in information technology education. Gordon has broad experience in many areas of federal information technology, and completed an Associates Degree program in IT.

To contact Gordon, call 202-219-0541 or email [jamesg.dean@gsa.gov](mailto:jamesg.dean@gsa.gov)

JFMIP welcomes Gordon to the staff! **D**



J. Gordon Dean

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## FINANCIAL MANAGEMENT PROFILE

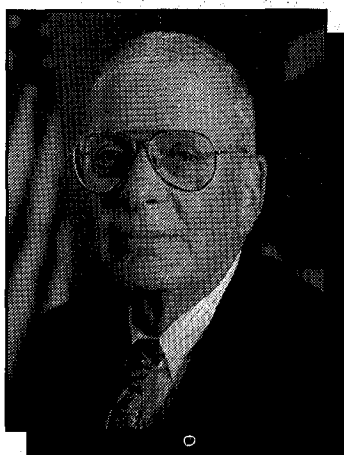
**P**rior to joining the Federal government, Irwin T. (Ted) David had a distinguished career as a Partner and National Director of Public Sector Services with Deloitte & Touche, one of the Big 5 CPA and management consulting firms. His years of experience in consulting with government entities provided Mr. David with a unique background and understanding to contribute to improving management of the Federal government. Thus, on retirement from Deloitte & Touche, in late 1992, Mr. David joined the U.S. Department of Agriculture (USDA) as the Deputy Chief Financial Officer. At USDA, Mr. David's responsibilities included the entire range of financial activities, including development of new financial systems, financial statements, oversight of the National Finance Center, and development of the first USDA Strategic Plan in compliance with the Government Performance and Results Act (GPRA), among others. Mr. David also served as Acting CFO of USDA for over 2 years.

In mid 1998 Mr. David joined the National Weather Service (NWS), a component of the National Oceanic and Atmospheric Administration (NOAA), a Bureau of the U.S. Department of Commerce (DOC), in the dual role of the Chief Financial Officer/Chief Administrative Officer (CFO/CAO). As the CFO/CAO of NWS, Mr. David has broad responsibilities, including responsibility for formulation of the NWS \$700 million budget. Mr. David and his staff devote significant effort to ensuring that anticipated results of each new budget initiative can be communicated to non-scientific personnel in the budget review process. This includes identifying the quantitative benefits of each initiative and the costs to be incurred. The clear identification of costs and benefits is particularly important to ensure that NWS can continue to infuse new science and technology to build on the recent NWS \$4.5 billion modernization. In addition, the budget formulation process supports the NOAA and NWS Strategic Plans and performance measures. The NWS performance measures, which focus on improvements in weather, hydrologic and climate forecasts have been complimented by OMB as among the best in the Federal government. In fact, NWS's performance management was recently given an "A" grade by the Federal Performance Project, sponsored by *Government Executive Magazine*, working closely with the George Washington University.

Budget execution is another key components of Mr. David's area of responsibility. This entails ensuring that funds appropriated by Congress are spent for the purposes for which the funds were provided. In addition, and as importantly, Mr. David is developing managerial cost accounting systems and new financial reporting systems to provide NWS policy and program personnel (e.g., meteorologists, hydrologists, scientists and engineers responsible for fulfilling the NWS mission) with the financial and performance information needed to properly operate the organization and its programs. Mr. David devotes significant effort to understanding the financial and performance needs of policy and program officials to ensure that appropriate information is available. Mr. David is also responsible for providing the NWS

information for the NOAA audited financial statements (NOAA has received a "clean" audit opinion in each of the last two years).

Mr. David is also responsible for human capital and labor/management relations (NWS has the largest union in DOC), for coordination with GAO and the Inspector General, for Freedom of Information Act responses and for a variety of other administrative functions. As the Chair of the NWS Workforce/Human Capital Committee of the NWS Corporate Board he is initiating a strategic human capital plan for NWS. He also served as Acting CIO of NWS (until a CIO was hired) during which time he led development of a NWS wide telecommunications plan and of an Information Technology Architecture.



Irwin T. (Ted) David  
Chief Financial Officer/  
Chief Administrative Officer  
National Weather Service

Mr. David strongly believes that policy and program officials are the true financial managers in the Federal government. (See his article "The True Financial Managers in the Federal Government," *Government Financial Management*, Dec. 1997.) Policy and program officials make the decisions (e.g., hiring, promoting and firing staff, procurement of goods and services, delivering programs to the public, etc.) which affect the finances and the budgets of Federal agencies. This concept, that policy and program officials are the true financial managers of Federal entities, has profound implications for the roles of financial personnel and for the financial information that must be available to policy and program officials. The role of financial officials and financial personnel is to support policy and program officials in delivering the mission of the agency (for NWS, the

mission is to issue weather, water and climate forecasts and warnings and to provide a national database of related information).

For financial managers to do their job, Mr. David believes that they must understand the business of the agency – how programs work. Financial personnel must understand the business activity behind the numbers. In fact, Mr. David advocates financial officials trading places with program officials, so that they can "walk in the others moccasins" for a while. Further, financial personnel must have in-depth analytical capabilities to "dig down" into the numbers and advise policy and program officials of the meaning and implications of their actions. Hopefully, with increased automation, financial personnel will devote less time to routine data entry and paper processing tasks and more time to the analysis of the data, relating the "numbers" to the performance of the business. One of Mr. David's favorite anecdotes relates to a senior financial staff person who had been with his agency for 25 years and had never visited a service location of the organization. There is no way that the financial person can understand the business of the entity without seeing it happen on-site where the real business of government takes place. A culture change is needed for policy and program officials to assume the role of "financial managers" and for financial officials to develop the capabilities to serve as advisors to the program and policy officials.



## FINANCIAL MANAGEMENT PROFILE

**M**s. Cynthia J. Schwimer is the Comptroller and Chief Financial Officer (CFO) of the Office Justice Programs (OJP) in the U.S. Department of Justice. She serves as the principal advisor to the Assistant Attorney General (AAG) for OJP on all matters involving the agency's integrated accounting system, financial policy, claims collection, and financial management of grants. Through programs developed and funded by its bureaus and offices, the Office forms partnerships with federal, state, and local government officials to control drug abuse and trafficking; reduce and prevent crime; rehabilitate neighborhoods; improve the administration of justice in America; meet the needs of crime victims; and address problems such as gang violence, prison crowding, juvenile crime, and white-collar and cyberspace crime.

As the Comptroller of OJP, Ms. Schwimer oversees four divisions responsible for providing efficient and effective support services for the offices and bureaus that comprise OJP. The Office of the Comptroller's (OC) mission is to provide leadership in financial assistance, accountability and customer service, in partnership with OJP bureaus and program offices, state and local governments and the private sector, to implement national law enforcement and crime prevention programs.

In her role as the CFO, Ms. Schwimer directs the preparation of OJP's annual financial statements. She is responsible for operating the agency's Integrated Financial Management and Information System (IFMIS). In that capacity, she directed the implementation of the U.S. Government Standard General Ledger (SGL) and JFMIP compliant accounting system, and she continues to develop and enhance this system to maximize e-business opportunities. Ms. Schwimer also directs:

- Changes in business practices to maximize system functionality
- The development of financial policies
- Internal audits of OJP's financial operations, and
- Financial monitoring of DOJ grantees.

Her staff develops and conducts nationwide grant financial management training and provides technical assistance to OJP's grantees. The OJP's grantees include non-profit organizations, universities, Indian tribes, and state and local governments. The OJP's portfolio consists of over 44,000 active grants valued at over \$23 billion.

Ms. Schwimer holds a bachelors degree from George Mason University in Virginia with concentrations in Accounting and Public Administration. She has over 26 years of extensive experience in finance and accounting. In 1974, she began her federal service with the U.S. Department of Treasury in the Financial Management Service. In 1985, she joined the Department of Justice and OJP as an Indirect Cost Negotiator and rapidly rose through the ranks to become Comptroller in 1997. Prior to becoming Comptroller, Ms. Schwimer studied at George Washington University and completed the University's

Contemporary Executive Development Program. In 1997, she was selected as a member of the Senior Executive Service.

Ms. Schwimer has been a recipient of numerous awards for her valuable contributions in financial management and her continuing pursuit for excellence and innovation in government performance, policies and services. She is also a member of the Association of Government Accountants and is the past president of the National Grants Management Association.

Among Ms. Schwimer's major accomplishments is the implementation of IFMIS in 1998. According to system developers and independent accounting firms who evaluate implementations of financial management systems in federal agencies, OJP is the only agency that has successfully completed such an installation in 90 days and under budget. She also proceeded to install additional JFMIP compliant enhancements to this core accounting system immediately following stand-up. For the past two consecutive years, OJP received clean audit opinions of their financial statements. She also reorganized the Office of the Comptroller to support the new accounting system and to provide improved services to their customers during the time when OJP was experiencing massive growth in personnel and increased fiduciary responsibility for the financial management of grant awards. OJP's appropriation also increased from \$1 billion to more than \$4 billion in the past few years.

In Fiscal Year 1999, Ms. Schwimer established the Customer Service Center to improve the response time from grantee inquiries to OJP responses. The Center provides answers to financial questions posed by OJP grantees. She also established a web site for the Office of the Comptroller's customers and provided a hotline that currently operates 24 hours a day, seven days a week. The Customer Service Center is currently averaging over 60,000 contacts from grantees per year; 98% of the financial questions are resolved immediately or within 24 hours by the financial assistants. Ms. Schwimer attributes her accomplishments to the philosophy of creating and directing successful teams comprised of civil servants and contractors. Her message is clear, they succeed or fail as a "team."

Another noteworthy accomplishment of Ms. Schwimer is her untiring effort to improve the quality of work of her employees and to recognize their accomplishments. As described above, she is a firm believer of team efforts, which is a strategy she uses to conduct business in her office. While others are probably still working on the problem of recruitment and retention of employees in the financial management workforce, Ms. Schwimer has a program already in place. She has volunteered her office to become a pilot project for telecommuting in OJP, and she established a rotation policy for her staff of about 200 to easily move from one division to another. She also established a multi-faceted awards system, including team awards, spot awards, exceptional performance awards, and the most valuable person (MVP) awards where employees nominate other employees for the monthly MVP Award. After hiring an independent contractor to look into the career ladder, she upgraded the journeyman level from a GS-12 to a GS-13.



*Cynthia J. Schwimer  
Comptroller and CFO  
Office Justice Programs, DOJ*

## 2001 CFO Council Fellows Graduate

**T**he Class of 2001 Chief Financial Officers (CFO) Council Fellows had its graduation ceremony at the Indian Treaty Room in the Eisenhower Executive Office Building on May 4, 2001. Kathleen McGettigan, CFO, Office of Personnel Management, and Acting Chair, CFO Council Human Resources Committee; Lynn Edwards, Acting Director, Graduate School, U.S. Department of Agriculture (USDA) welcomed the audience to this event. Other speakers who emphasized leadership were: Steven App, Acting CFO, Department of the Treasury, and Acting Executive Vice Chair, CFO Council; Joseph Kull, Deputy Controller, Office of Federal Financial Management, Office of Management and Budget; and Stan Kask, Program Manager, Graduate School, USDA.



*Back row l to r: Wesley Jarmon, Alice Sabatini, Michael Cocimano, Valerie Zellmer, Mark Traversa.  
Front row l to r: Carla Kohler, Bruce Tarsia, Carol Harvey*

Individual highlights of the Class of 2001 are summarized below:

**Michael J. Cocimano** is a program analyst with the Environmental Protection Agency (EPA). His first 6-month rotational assignment was at the Department of Defense, Office of the Undersecretary of Defense/Comptroller, where he prepared financial statements. The second half of his fellowship was at EPA where he developed and deployed an integrated financial management reporting system.

**Carol E. Harvey**, a lead accountant at the National Aeronautics and Space Administration (NASA), Johnson Space Center in Houston, Texas, served her fellowship at the National Science Foundation. She authored a change management plan for transitioning to a new integrated payroll system, developed a web-based training for the new system and designed an employee information brochure. She co-lead a survey of the 24 CFO Act agencies on the effectiveness of the CFO Fellows program; and coordinated and maintained information on the CFO Fellows website.

**Wesley Jarmon**, a senior auditor with the Federal Communications Commission, served his fellowship at EPA, where he improved the quality assurance and accountability of the working capital fund. He helped in the preparation of the Fiscal Year 2000 financial statements. He also developed a checklist to assist EPA in maintaining and improving its status in financial reporting.

**Carla Kohler**, an accountant with Defense Finance and Accounting Service in Kansas City, Missouri served her fellowship at the Joint Financial Management Improvement Program. She made significant contributions in the development, and finalization of the *Property Management System Requirements* document. She worked on a variety of activities on issues of governmentwide interest.

**Alice A. Sabatini**, from the Water Resources Program, U.S. Geological Survey within the Department of the Interior, developed and administered a project plan for the development of the Financial Data Warehouse at EPA. She established a nationwide focus group to guide the development effort and assist with the training and user acceptance of the data warehouse. She also coordinated the preparation of a Congressional justification of resources for projects. She co-lead the CFO Fellows on the assessment of the CFO Fellows Program.

**Bruce R. Tarsia** is an accounting officer for the Bureau of Labor Statistics. While serving his fellowship at NASA, he completed shadow assignments in the Office of the CFO and participated in the Intragovernmental Eliminations Task Group. He also worked on various Government Performance and Results Act (GPRA) and transition related assignments for the Director of Resource Analysis.

**Mark Traversa** is a division director for budget service at the U.S. Department of Education. His fellowship assignment at the Food and Drug Administration, Department of Health and Human Services entailed analyzing and recommending changes to various audit procedures within the Office of Financial Management. He also worked on the CFO Annual Report, and contributed to the design of financial system for asset management.

**Valerie J. Zellmer**, a systems accountant at NASA's Dryden Flight Research Center in Edwards, California, served her fellowship at the Department of Education, where she led the reconciliation efforts to rectify the differences between the proprietary and budgetary accounts, and undelivered order balances. She also coordinated the preparation of the FY 2002 Student Financial Assistance Programs congressional justification and GPRA performance reporting documents. **D**

## 2002 CFO Council Fellows Program

**T**he Chief Financial Officers (CFO) Council has announced the selection of the 2002 Class of CFO Council Fellows—its fourth class of CFO Fellows. This program provides career development opportunities for promising financial managers to provide the federal government with a cadre of experienced staff who may become financial management leaders in the future. The CFO Council's Human Resources Committee administers the program in partnership with the Federal Executive Institute and the Graduate School, U.S. Department of Agriculture (USDA).

This year's CFO Fellows and their home and host agencies are as follows.

**Juan Camacho** with the Department of Defense, Defense Finance and Accounting Service Indianapolis will be completing his fellowship at Office of Management and Budget (OMB), Office of Federal Financial Management.

**David Cauthon**, a senior systems accountant with the Office of Personnel

Management, is working at the Joint Financial Management Improvement Program on core financial system requirements and testing.

**Janilyn Johnston**, a Resource Manager with the Department of Defense, Defense Contract Management Agency will be completing her fellowship at the Department of Defense (OSD Comptroller) and OMB, Office of Federal Financial Management.

**Paul McEnrue**, a Lead Accountant with the Department of Commerce, is currently working for the Department of Interior in the Office of Financial Management performing financial statement analysis and assisting in their systems implementation effort. He will complete his fellowship with Interior's U.S. Geological Survey and the National Business Center.

**Madonna Radcliff** is a senior financial analyst at Bonneville Power Administration's Transmission Business Line in Vancouver, Washington. Her work involves deregulation, capital investment, business planning, risk management, and performance based

compensation. She will be working with the Department of Energy's Working Capital Fund on its five-year business plans, application of the Balanced Scorecard methodology, and assessing the application of data mining software.

The 2002 CFO Fellows are finalizing their individual development plans to include coursework designed to expand their knowledge and skills, work on significant Federal financial management projects, shadow assignments with CFOs, agency briefings, and group learning experiences. The objectives are to enhance their financial management competencies and offer fresh perspectives on managing in a rapidly changing environment. The 2002 class of CFO Fellows started their fellowship program at the Federal Executive Institute in Charlottesville, Virginia on April 30 through May 3, 2001.

For more information, contact John Amey, [john\\_amey@grad.usda.gov](mailto:john_amey@grad.usda.gov). ■

## GAO ED Issued on Auditing Standard on Independence

The U.S. General Accounting Office (GAO) issued an exposure draft (ED) of a proposed revision to *Government Auditing Standards* (GAGAS) titled, *Government Auditing Standards: Independence* (GAO/GAGAS-ED-4), on May 4, 2001. The proposed revision would expand the definition of personal impairments, highlight the distinction between external and internal reporting, and acknowledge the ways that organizations can be free from organizational impairments to independence. Specifically, the ED proposes expanding the examples of personal impairments and adding criteria to help audit organizations understand whether the provision of nonaudit service affects the subject matter of the audit. The ED emphasizes that auditors and audit organizations have an obligation to evaluate the circumstances and relationships on each assignment to identify situations that could

result in an actual or perceived impairment to independence.

The ED also recognizes that internal auditors play a vital role in government auditing and can be free from organizational impairments to independence. However, since internal auditors are responsible to management while external auditors are responsible to third parties outside the audited entity, a fundamental difference exists between internal and external auditors. The ED acknowledges this difference by retaining the sections on internal audit in the 1994 revision of *Government Auditing Standards* and refocusing the discussion to organizational impairment considerations when reporting internally to management. The ED expanded the criteria that define organizations that can report externally. First, the draft expands the presumptive criteria by specifying additional ways for an organization to be free from

organizational impairments to independence. If the audit organization meets any of the presumptive criteria listed in the ED, it can be considered organizationally independent to audit externally. Second, the ED recognizes that other organizational structures can provide sufficient safeguards to prevent the audited entity from interfering with the audit organization's ability to perform the work and report the results impartially. If the audit organization meets all the statutory protections listed in the exposure draft, it can be considered organizationally independent to report externally.

Comments are due by July 30, 2001. A copy of the ED can be obtained on the Internet on GAO's Home Page ([www.gao.gov](http://www.gao.gov)). Additional copies of these proposed standards can be obtained from the U. S. General Accounting Office, Room 1100, 700 4th Street, NW, Washington, D.C. 20548, or by calling (202) 512-6000. ■



## FASAB Update

### New Board Member

**John A. Farrell** joined the Federal Accounting Standards Advisory Board (FASAB) in June. Mr. Farrell is a retired partner in KPMG's Government Assurance Practice. He directed audits and audit-based advisory service engagements to federal, state, and local governments. He was appointed to a two-year term as a non-federal representative on the Board.

### Consolidated Financial Report Project

FASAB will undertake a new project on the analysis of the Consolidated Financial Report (CFR) of the U.S. The project will include a roundtable discussion and/or a survey to assess whether the information in the current CFR is useful to readers. It will include an analysis of current federal generally accepted accounting principles (GAAP) to determine if standards should be modified to more specifically address the CFR. For more information, contact Lucy Lomax, 202-512-7359, lomaxm@fasab.gov.

### Board Reviews National Defense PP&E Exposure Draft

At the February FASAB meeting, there was broad support for the proposals of the KPMG study undertaken for the Department of Defense entitled, "Report on the Evaluation of National Defense PP&E [property, plant, & equipment] Reporting Approaches." In the report, KPMG had recommended:

- reporting the units and condition of Major End Items (e.g., aircraft, ships, and combat vehicles) in FY 2002 (Phase 1);
- capitalizing Major End Items without depreciating them; and capitalizing and depreciating Other National Defense PP&E (e.g., intelligence and communication systems, and specific support equipment) beginning in FY 2006 (Phase 2); and
- disclosing investment data for the ten largest acquisition programs.

At the April Board meeting, staff presented a preliminary exposure draft incorporating the above proposals. The draft also included the following proposals (for periods beginning in FY 2006) that the Board had requested:

- recognizing the total estimated cleanup cost as part of the acquisition cost when Major End Items are placed

in service; and

- recognizing a portion of the estimated total cleanup cost as an expense during each period that Other National Defense PP&E is in operation.

At the June meeting, the Board continued its review of a preliminary exposure draft on National PP&E. Final revisions were proposed to technical provisions and the Board agreed to consider the next revision as a pre-ballot draft with final editorial changes expected by the end of July and balloting in early August. For more information, contact Rick Wascak, 202-512-7363, wascakr@fasab.gov

### Standard on Eliminating Paragraph 65.2 of SFFAS 7

At its February meeting, after considering responses to a November 2000 exposure draft, the Board had approved eliminating paragraph 65.2 of SFFAS 7. Paragraph 65.2 requires the disclosure of material revenue-related transactions affecting the beginning and end-of-period balances of accounts receivables, accounts payable for refunds, and the allowance for uncollectible amounts. At its April meeting, staff presented the Board with a draft standard eliminating paragraph 65.2. The Board asked staff to modify the basis for conclusions and prepare a final standard for balloting.

At its June meeting, the Board discussed the technical amendment to Statement of Federal Financial Accounting Standards (SFFAS) 7, *Accounting for Revenue and Other Financing Sources*. The amendment would allow flexibility in reporting changes in "receivables from the public related to exchange revenue" on the Statement of Financing. The Board approved the amendment, barring any negative comments by July 2<sup>nd</sup>. For more information, contact Richard Fontenrose, 202-512-7358, fontenroser@fasab.gov.

### Eliminating the Category "Required Supplementary Stewardship Information"

FASAB received 29 comment letters on Preliminary Views. Most respondents would retain the Required Supplementary Stewardship Information (RSSI) category, at least for now. Six support the proposal to

delete it. Three of those six, including the President's Council on Integrity and Efficiency, specified that the RSSI items should be reclassified only as Required Supplemental Information (RSI). Two of the six expressed the caveat that "basic" status for some RSSI items would create problems. The American Institute of Certified Public Accountants did not express a preference about whether the RSSI category should be retained or eliminated, but suggested that extensive work and consultation over time, perhaps including changes to existing standards, would be necessary if some RSSI items were to be treated as "basic information" rather than as RSI.

On April 27, 2001, FASAB held a public hearing on its proposal to eliminate the RSSI category. The speakers' views were similar to those expressed in the written comment letters. The Board members' discussion with the speakers was highly informative. Some members repeatedly challenged the view that stewardship information could not be effectively presented and audited in the context of a reporting model without the special RSSI category. A transcript of the hearing will be available for review at FASAB's office, as are the comment letters. If you wish to purchase a copy of the transcript, please contact Charles Jackson at 202-512-7352 for information.

At the June Board meeting, FASAB reaffirmed its decision to eliminate the RSSI category. The majority of the Board members agreed to resume work on exposure drafts to reclassify individual items of stewardship information as either "basic" or "required supplementary information." Contact:

Robert Bramlett, 202-512-7355, bramlett@fasab.gov.

### Draft Standard on Correcting Errors

At its June meeting, the FASAB discussed the draft final statement on *Reporting Corrections of Errors and Changes in Accounting Principles*. Since respondents had less time to review the document because of mailing delays, the Board agreed to consider comments received by July 2<sup>nd</sup>. For more information,

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## JFMIP Forum on Accelerated Year-End Close and Inter-entity Eliminations

In cooperation with the Private Sector Council (PSC), JFMIP recently hosted on senior leadership forum focused on effective practices for accelerating year end closing and eliminating intragovernmental transactions. Mr. Pete Smith, President and Chief Executive Officer of the PSC, was instrumental in securing the participation of high level executives from the private sector. These executives included Mr. Paul Wise, Director of Government Compliance, Lockheed-Martin; Ms. Julie Caponi, Vice Comptroller, ALCOA; Mr. Howard Whittum, Vice President, State Street Corporation; and Mr. Jeff S. Spalter, U.S. Downstream Financial Reporting Manager, Exxon/Mobil Corporation. Each of these organizations has been able to close quickly and also has inter-entity eliminations.

Lockheed-Martin operates in a global environment with more than 70% of its sales to the federal government. A huge number of business units are consolidated into 3 business segments for reporting purposes. At the end of the year, revenue and expenses are accrued and reconciled at the individual contract level.

ALCOA is the world's leading producer of primary aluminum, fabricated aluminum, and alumina. They are active in all major segments of the industry including mining, refining, smelting, fabricating, and recycling. Products are "purchased" by one unit from its predecessor in the business chain. Each operating location has 2 calendar days to report end of year numbers. Eliminations and consolidation are done at the corporate level within three hours. The accuracy of the numbers is the responsibility of each location.

In comparison, State Street Corp is a relatively small financial services organization. However, State Street is required to produce a balance sheet on a daily basis to comply with bank regulations. This company relies on a system of strong internal controls and year-round audit procedures to eliminate end of year adjustments. The effective elimination of inter-entity transactions is greatly facilitated by internal communications between "buyers" and "sellers."

When Exxon Corporation and Mobil Oil merged, Exxon/Mobil was created and is an industry leader in almost every aspect of the petroleum and petrochemicals business.

Operations are carried out in 200 countries around the world, and there are about 1,500 legal entities within Exxon/Mobil. The integrated company is comprised of 11 "companies," and intercompany revenues and costs are 50% of annual sales.

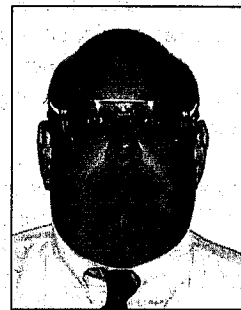
All agreed that an accelerated close doesn't mean anything unless the numbers are accurate, complete and reliable. Also, each organization was faced with significant challenges when it came to inter-entity eliminations. Although each corporation took different approaches, they shared many commonalities. Some of these include the following:

- Financial systems are a key element of management.
- Financial data integrity is "built into the process."
- Standard practices, standard data, and standard business rules are more important than standard systems.
- A corporate chart of accounts was utilized by the larger organizations as was a corporate database of inter-entity transactions.
- There was a great deal of communication between trading partners during the "sale" and reaching agreement on financial numbers and accruals.
- Audit procedures are done throughout the year — not after closing.
- There are incentives for success in meeting goals, and there are consequences for not meeting goals.
- Training is a never-ending process because of employee turnover.
- Larger subsidiaries and affiliates are often required to report earlier than their smaller counterparts because most of the problems are within the larger entities.
- Balances are reconciled to the dollar.

The insights gained during this forum will play a role in the development of recommendations and strategies for solving the federal government's intragovernmental elimination challenge. Stay tuned. ■

## JFMIP Detailees

**J**. David Cauthon, a CFO Fellow from the Office of Personal Management, joined JFMIP in May for part of a one-year developmental assignment. The other part of the assignment will be at OMB. Mr. Cauthon is a senior systems accountant at OPM. He has BS/BA with a functional major in accounting. He is Certified Public Accountant and has completed the course requirements for



J. David Cauthon

a Masters of Public Financial Management. Mr. Cauthon is working on the revision to the Core Financial Systems Requirements. He is also working to assist agencies to improve financial systems development and implementation in the recruitment, retention, and professional development of personal working on project teams. Mr. Cauthon will work with the other 2001-2002 CFO Fellows to expand and improve the CFO fellows program. The goal of this class of Fellows is to double the number of CFO fellows for the 2002-2003 program year with half of the new fellows coming from agencies that had never participated in the Deputy CFO fellows program previously. This rotational assignment will provide David the opportunity to network with senior agency executives, and develop financial systems requirements and work on other interagency projects that will benefit government practices and policies.

Several Executive Leadership Program (ELP) participants had developmental assignments at JFMIP recently. The ELP for Mid-Level Employees, sponsored by the USDA Graduate School, is available to Federal employees from GS-11 to GS-13 or equivalent who have demonstrated leadership and management potential. The program requirements include the completion of two developmental assignments during the year-long program.

Leon Coates is an operating accountant at the U.S. Department of State. He recently completed his assignment with JFMIP from April 16 to May 25. He worked on the enhancement of the Financial Systems Road

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## Mail-the Critical Link

**M**ail is a critical link in the operations of every federal agency and the way agencies communicate with their customers. The timely delivery of mail impacts whether things go smoothly or disruptively. What if you are a veteran waiting for medicine to arrive and the prescription runs out while you are waiting for the mail? What if you are an attorney working on a case and the critical piece of evidence fails to arrive? What if there is a public health threat and the food sample that needs to be tested does not arrive timely? These are only a few examples of how mail processing effects the delivery of government services.

General Services Administration's (GSA) Office of Governmentwide Policy (OGP) provides guidance and assistance to federal agencies on records management, including the processing of mail. OGP thinks that mail is the heart of every agency's communication and commerce. It has published a new proposed Mail Regulation which will establish policies that make it easier for the government to run more efficiently and effectively. This new regulation will provide for incentives to

improve mail processing and save the agency money that will be available in its budget in the same fiscal year. The focus of the new Mail Regulation will chart a future path for federal mail communications and help preserve this critical link in the communication chain.

The federal government spends about \$1.4 billion annually for mail handling. This includes money to the U.S. Postal Service and other carriers such as Federal Express and the Military Postal Service Agency (MPSA). It does not include equipment or personnel. It is estimated that as much as \$100 million might be saved by efforts to take full advantage of postal discounts.

GSA's Office of Governmentwide Mail Communications Policy is committed to continually improving how federal mail is processed. The new regulation proposes that federal agencies will:

- Restructure their financial systems to track costs at the user level by October 1, 2002. This will provide an incentive for federal agencies to improve mail processing.
- Collaborate on the management of mail with the agency's Chief Financial

Officer and Chief Information Officer.

- Collect data on postage expenditures and report that data to GSA if more than \$1 million per year is spent on postage.
- Provide a comprehensive mail management plan annually to GSA if over \$1 million per year is spent on postage.
- Develop performance measurement processes at the agency and facility levels.

The proposed regulation was published in the *Federal Register* on May 29, 2001 and posted on the GSA website at <http://www.policyworks.gov/FEDERALMAIL>. Any comments to be considered in the formulation of the final rule must be received by July 30, 2001. GSA hosted an open forum on June 26 to discuss the proposed regulation. This forum was well attended by about 100 participants from various federal agencies. For more information please contact Henry Maury, Division Director, Governmentwide Mail Communications Policy at 202-208-7928 or e-mail at [henry.maury@gsa.gov](mailto:henry.maury@gsa.gov). ■

## Interior's Integrated Charge Card Program

The Department of the Interior (DOI) in partnership with Bank of America and MasterCard produced the largest and most ambitious integrated charge card program in the industry – not just in the government. The stage was set when employees surveyed on their charge card requirements said they wanted a one-card solution. Over 57,000 Interior employees (more than 80% of all employees) now enjoy the benefits of having a single charge card that provides end-user purchasing authority, and coverage for all travel expenses, fleet fueling, and vehicle maintenance.

Three separate, parallel, manual accounting processes were consolidated into a single accounting process, eliminating redundant functions, permitting standardized payment policies, reducing management paperwork, and simplifying employee expense reporting.

Debra Sonderman, Director of the Office of Acquisition and Property Management recalls: "The integrated approach gave us the

opportunity to make important strategic changes to our business practices. Specifically we were able to:

- Streamline accounting processes by combining three parallel manual accounting processes for travel, purchasing and fleet needs into one integrated program;
- Establish a finance system interface that enables Interior's bureaus to receive and process electronic transaction files each business day;
- Eliminate enormous reconciliation tasks for previously voluminous purchase and travel transactions being billed monthly; and
- Increase transactions centrally billed to the government, decreasing the dollar volume on individual travel vouchers."

"One of the most significant innovations developed in concert with the Bank was the creation of 'diversion accounts'. This gives us the ability to integrate billing for central

accounts (Interior pays the bill directly to the Bank) and individual accounts (employee pays the bill, and is reimbursed by the government) on a single statement. This feature facilitates individual accountability with central financial management," noted Ted Woronka, Deputy Director of Financial Management.

The Bank was given maximum responsibility for maintaining and operating the official file record of the charge card program. To a large degree, Bank of America was contracted to perform much of the transaction processing under this program, relieving finance offices of substantial record-keeping responsibilities.

Savings through tax exemptions substantially increased due to the redesigned billing system. Central billing of car rental charges incurred by employees on official travel was adopted. Besides reducing paperwork and payment delays, this change

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*Plan To Streamline Federal  
Grant Process Issued - Continued from pg. 1*

This initial plan reflects a common commitment to conduct business in new ways that will enhance the performance of Federal grants programs and reduce administrative costs and other burdens. The purpose of these initiatives is to conserve the resources for both grantees and the public. Federal financial assistance includes grants, cooperative agreements, loans, loan guarantees, scholarships, and other forms of assistance. The grant and cooperative agreement portion of that enterprise, addressed in this plan as "grants," involves more than 600 programs and their subprograms. Awards of more than \$325 billion a year are administered by 26 federal agencies. The Act states that some federal administrative requirements are duplicative, burdensome, and conflicting. Sometimes these requirements impede the cost-effective delivery of services at the local level. Grant recipients deal with increasingly complex problems that require the delivery and coordination of many kinds of services. Their need to respond to excessive federal grant administration requirements only adds to that complexity.

"The federal grants process needs to be simpler and less costly and needs to reflect today's technology. This plan will help us accomplish these goals," Secretary Thompson said. "It reflects a true partnership between the federal government and the public and starts us on a new course for grants administration."

Once implemented, the plan will make it easier for States, universities, non-profit organizations and other businesses to apply for and take advantage of federal programs involving grants and cooperative agreements. For instance, under the plan:

The amount of data and information required for grant applications and reports will be reduced. Information will be presented in plain language to make it easier for applicants and grantees to understand.

New technology and electronic processes will be incorporated into all aspects of grants administration, and will reduce the need for agencies to rely on paperwork to manage these programs.

Federal agencies will conduct business in a consistent way for programs that serve similar purposes. Agencies will work together to obtain coordinated input from affected stakeholders and to plan and systematically implement grant administration reforms.

The federal grant process needs to be improved for all recipients—whether State, local, or Native American tribal governments,

public housing authorities, private non-profit organizations, or institutions of higher education. In light of the cooperative effort needed to implement the Act effectively, the federal grant-making agencies jointly have developed the initial plan for submission to Congress.

The initial plan was developed under the oversight of an interagency governance structure established to implement the Act. The Director of the Office of Management and Budget charged the Grants Management Committee (GMC) of the Chief Financial Officers (CFO) Council, chaired by George Strader, the Deputy CFO of HHS, to coordinate and oversee the government-wide implementation. There are five interagency groups operating under the general direction of the GMC. Three of these groups represent various parts of the grant life cycle—Pre-Award, Post-Award, and Audit Oversight. The fourth is the supporting Electronic Processing group. The fifth group, the General Policy and Oversight team, is providing detailed oversight of the other work groups' planning and implementation efforts and is examining broad issues. Collectively, the GMC and these five groups comprise the Federal Grant Streamlining Program.

As the initial plan has progressed, not only has ongoing involvement and participation by various non-Federal interested parties continued, but also the interagency activities of the work groups have accelerated. The Pre-Award work group, headed up by Dr. Mark Herbst from the Department of Defense, is focusing on the nature and variety of forms and information requirements of Federal grant applications throughout the government with an eye for simplification and streamlining. The Post-Award work group, led by Rick Noll of the National Science Foundation, is focused on program and financial reports as well as payment issues. The payment issue includes the pooled payment process under which a recipient estimates the aggregate amount of cash that it will need for all its Federal awards from each awarding agency and requests the payment system to disburse each agency's respective amount of cash. Robert G. Taylor, Department of Transportation, heads the Audit Oversight work group that is addressing issues such as the benefits and efficacy of quality control reviews of single audits performed by Inspector General Offices. The team is drafting and issuing a plain-language pamphlet about the Federal audit process and requirements and is developing a government-wide plan to identify delinquent audits.

One of the most exciting activities in streamlining and simplifying the grants process has been the effort to automate all aspects of grants administration. The Electronic Processing work group, co-chaired by Elizabeth Phillips from HHS, and Captain Brad Stanford from the Office of Naval Research, is addressing how the government can automate virtually all aspects of grants administration. One of the key ways to do this is the establishment of Federal Commons. Federal Commons is viewed as a common face for e-commerce over the entire grant life cycle, offering both general information exchange and secure electronic transaction processing.

All of the work groups are comprised of volunteer staff from the grant making agencies. OMB personnel participate in many of these meetings as members of the work groups in addition to full participation in the General Policy and Oversight Team. Joseph Kull, Deputy Controller of OMB, and Terrence Tychan, the Deputy Assistant Secretary for Grants and Acquisitions of HHS, provide leadership, guidance, and support for this entire activity under the rubric of the Federal Grant Streamlining Program.

While there have been a number of more recent initiatives to improve federal grant administration, a review as broad in scope as that envisioned by the Act has not been undertaken since 1969. The agencies are committed to using the opportunity presented by the Act to try to achieve greater consistency in approach, particularly among programs that serve similar purposes, and otherwise improve administration of federal grants. Having learned from past reform efforts, the agencies will ensure that both federal and non-federal stakeholders participate as partners in this process.

Agencies must take advantage of new and evolving technologies and develop partnerships with industry in order to make cost-effective use of technology. The federal agencies are moving toward reliance on electronic processes to the maximum extent feasible; however, not all applicants or recipients of federal grants have access to or the ability to use the current technologies. Therefore, the agencies not only must meet the mandate of the Act for an electronic option, but they also must address the needs of those who must continue to rely on paper.

Administrative changes in the grant process will make it easier for recipients to carry out grant-supported programs, but those changes alone cannot resolve all of the problems, including those associated with categorical grant programs. As part of implementing the

*Continued on Next Page*

Act, the agencies, working through the interagency structure and within their individual agencies, may identify candidates for statutory change.

In accordance with the requirements of the Act, the agencies have consulted with non-federal constituencies in developing this plan and will provide continuing opportunities for their participation. The GMC created a web site that provides information about the agencies' work in implementing the Act and invites public input. Individual agencies also have sought input through invitations to comment posted on their Web sites. The GMC held a series of five interagency public consultation meetings with: (1) States, (2) local governments, (3) Native American tribes and tribal organizations, (4) universities and non-profit organizations that conduct research, and (5) other non-profit organizations. On January 17, 2001, the agencies jointly published the interim/draft plan in the *Federal Register* (66 FR 4584), and requested public comment.

The initial plan recognizes process improvements that began before passage of the Act and that are completed or continuing. The Federal Grant Streamlining Program has either incorporated these activities under its umbrella or created a relationship between the Act's implementing activities and pre-existing organizations and projects. The initial plan also builds on successful models resulting from

earlier initiatives of individual agencies and interagency groups.

For instance, the JFMIP issued guidance, Grant Financial System Requirements, in June 2000 as one of a series of federal financial management systems requirements. This document serves as a baseline that agencies' systems must meet. After June 2000, agencies are expected to develop new grant financial systems and make system changes in compliance with JFMIP standards. For systems developed before June 2000, the agencies need to assess the operation of those systems in relation to the standards. If the systems fall short, federal financial managers should address the weaknesses, as appropriate. The initial plan contemplates general oversight throughout the government of this activity. The JFMIP standards are available at <http://www.jfmip.gov/jfmip/systemreqs/grants.pdf>.

The initial plan contains goals and objectives intended to meet the requirements of the Act. It includes progress, accomplishments, and planned activities for streamlining and simplifying the award and administration of Federal grants. The activities described in this initial plan focus on determining the underlying bases for current practices and requirements, assessing the potential for change, and determining if changes can be accomplished without statutory relief. While progress will be made within the next year, the improvement effort will be accomplished over an extended period.

The Act requires the federal agencies to provide annual reports that evaluate their performance in meeting the plan's goals and objectives, which will be accomplished through updates to this plan. The agencies will establish performance measures related to the purposes and requirements of the Act and a process for assessing the extent to which specified goals and objectives have been achieved. In developing these performance measures, the agencies will consider input from applicants, recipients, and other stakeholders. Evaluation using a Balanced Scorecard approach is planned.

As is apparent, this is a vast undertaking and one that requires necessary and appropriate coordination within the Federal agencies and with the recipient community. The interagency and public consultation processes leading to the development of this initial plan will serve us well as we move ahead. We believe our efforts during the next year and beyond will result in significant progress toward a streamlined and simplified grant process. One true measure of success will be the time and effort efficiencies we hope to obtain for the public and grantee communities as we attempt to provide simplified and improved support and stimulation to address the needs and requirements of our nation.

The initial plan is available at <http://www.financenet.gov/fed/cfo/grants/grants.htm>. **1**

*Financial Management Profile - Cynthia J. Schwimer - Continued from pg. 6*

as part of the employee retention program. Ms. Schwimer said that OJP has a ten percent attrition rate, but some of these employees return to OC because of the positive work environment.

When asked about her management style, she described it as participatory; firm but fair; establish quality teams; hold appropriate people accountable; reward success; and learn from failures.

In reply to the question of how the federal government should prepare for the forecasted exodus of the baby boomer employees, she pointed to the need for every agency to solidify their human resource foundation and to prepare now! She urges federal agencies to enhance their human resource management by implementing rotational assignments, establishing a multi-award system and offering flexible work schedules and telecommuting. With the 21<sup>st</sup> century workforce becoming more complex and

diverse, she recognizes the need for managers throughout the federal government to learn to manage a diverse workforce, multiple worksites and to focus on managing results rather than time and attendance. She believes that treating people with trust and respect while maintaining high performance standards is a prerequisite to a successful workforce in the 21<sup>st</sup> century.

There are some major impediments to achieving a successful agency. When asked how these impediments could be overcome, without hesitation, Ms. Schwimer emphasized the negative impact and the ineffectiveness of "self-service" rather than "civil service." She realizes that an agency's culture is hardened and difficult to change and that there is an incredible "turf war" that exists both within agencies and among agencies. This results in accomplishing an organization's mission at the expense of "the common good".

Furthermore, she believes more funding should be made available to those organizations that can demonstrate results and without additional funding, future e-business initiatives may be stifled. She also believes managers reflect their leaders and that leaders should analyze whether their style is effective by the results they achieve.

Finally, her goals for the future are:

- To maximize e-business opportunities, which includes developing a web-based financial reporting system for grantees nationwide;
- To implement a reporting system in FY 2002; and
- To continue to improve the delivery of services to OJP's customers. **1**



*Financial Management Profile - Irwin T. (Ted) David - Continued from pg. 5*

Mr. David recognizes that policy and program officials require more timely, relevant financial and performance information and the capabilities to use that information. In Mr. David's opinion, the fact that all major Federal agencies, and many smaller agencies and organizations, have annual audited financial statements is a major accomplishment. However, the annual audited statements do not provide information for ongoing operations. Too often financial statements are prepared after the close of a year by the heroic efforts of many dedicated staff. Federal agencies must take the next big step in "cleaning up" their financial systems to provide financial statements directly from such systems without the significant manual intervention. The real objective is to provide useful timely financial and performance information to policy and program information when and where they need it to effectively operate their programs for the public's benefit. This translates into a need for useful information on a timely basis, for officials who need it for routine and special purpose decision making, as well as the annual information needed for more broad scale decision making. One key is to understand the information needs of policy and program officials and to recognize

that "one size does not fit all." The responsibilities of Federal entities are so broad that each policy and program official has unique information needs. Mr. David is currently participating in a project with the Association of Government Accountants and *Government Executive* magazine to begin to identify such information needs.

Among Mr. David's proudest achievements has been his ability to grow and nurture younger staff to assume increased responsibilities and contribute to an organization. Since joining the Federal government he has helped several talented personnel achieve Senior Executive Service (SES) status and become leaders in their agencies. He has also taken a leadership role in developing a management succession planning program in NWS, designed to helping promising GS-13 to GS-15's develop their leadership skills. In his years in the private sector, Mr. David supported the personnel growth of numerous individuals, several of whom continue in prominent private sector roles. Mr. David recognizes that such personnel growth is a "double-edged sword" since as people grow they go on to new responsibilities in other organizations. The value to the government is greater than the

loss to a single organization, but must be considered in the succession planning process.

The predicted mass exodus of Federal employees over the next five to ten years, combined with the expected changes in the Federal environment, provides challenges and opportunities for NWS, as well as all Federal entities. Among the challenges is the need to continue operations as institutional memory is lost. Too often processes and procedures are performed by rote, as people retire and little documentation exists for what and why they are doing what they do. This in turn leads to a perpetuation of ineffective and inefficient practices. Federal agencies must ensure the capability to continually revise and review existing processes and change as the environment changes. Agencies need a knowledge base to document the procedures, policies, and practices of its day to day operations.

The bigger challenge, and opportunity, is to build a Federal workforce that adapts to change and takes advantage of the new demographic of the workforce. As the General Accounting Office has proclaimed "Employees are a resource to be nurtured, not a cost to be

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*Reflections of a CFO Fellow - Continued from pg. 4*

#### **Housing and Urban Development/Real Estate Assessment Center**

*E-Business/E-HUD*

Mr. DJ LaVoy

#### **General Services Administration/Federal Technology Service**

*Federal Technology Service*

Mr. Robert Suda

#### **Joint Financial Management Improvement Program**

*The Business of JFMIP*

Ms. Karen Alderman

#### **Treasury/Financial Management Service**

*An Overview of FMS*

Mr. Richard Gregg

#### **Office of Management and Budget**

*The Role of OMB*

Mr. Joseph Kull

#### **General Accounting Office**

*What's New in Oversight with the New Administration?*

Mr. Jeffrey Steinhoff

Our class met as a group several times during the course of the fellowship year for networking and team building discussions. One challenge the 2001 CFO Fellows accepted was to benchmark the fellowship program from points of view of all stakeholders. Two of the Fellows, Alice Sabatini and Carol Harvey developed surveys for all stakeholders. We developed surveys for the program participants, Federal agencies that have sponsored CFO Fellows in the first three years of the program, and Federal agencies that have not participated in the program to date. We personally interviewed agencies, and compiled recommendations for improvement and other information regarding the program.

The results were used to develop an in-depth document entitled "CFO Fellows Program, Survey Results and Recommendations, Building Upon Success." This document will be presented to the CFO Council this summer.

I thoroughly enjoyed my year as a CFO Fellow; it has been the most enhancing year of my career to date. I truly appreciate the opportunity afforded me and would like to thank my home agency, DFAS, Mr. Tom Bloom, Director and the Kansas City Center for allowing me the opportunity to participate. I would also like to thank Karen Alderman, Doris Chew, Steve Balsam, Janet McBride, Dennis Mitchell, Steve Fisher, Bruce Turner, and Donna Tebeau for the delightful experience of spending a year working with the JFMIP family.

*Financial Management Profile - Irwin T. (Ted) David - Continued from pg. 14*

reduced." It is an opportunity to change the structure of the Federal workforce, but creates an enormous challenge to do so. NWS and all Federal agencies must look ahead to the world as it will exist and define the Human Capital critical to deliver the mission of the entity. This, in turn, requires a forecast of the changes required by NWS customers; the capabilities of science to improve weather, water, and climate forecasts and warnings; and the advances in technology and telecommunications available in the future. The technological evolution - or revolution (e.g., e-commerce, the use of the web, technological breakthroughs) will enable the Federal government to evolve the nature of the workforce. For example, in the NWS future use of technology will reduce the need for personnel to gather weather observational data and provide more opportunities for analysis and dissemination of information. For the financial professional the focus must be on developing new analytical skills and increased understanding of the business of NWS. This has implications for the development of human capital and the training and education of the workforce. Thus, Mr. David's initiation of a Human Capital Strategic Plan for the NWS to identify the

profile of future people needs and to identify recruitment and retention tools. In addition, Mr. David requires that all his employees have and actually exercise an Individual Development Plan. Mr. David allocates a portion of his budget to personnel development.

Mr. David also views the emphasis toward contracting out and privatization as both a challenge and an opportunity. While in the private sector Mr. David assisted many clients with privatization related activities. He is the author of several national surveys on the use of privatization by governments and the author of several articles on the proper use of contracting out and privatization. The opportunities of contracting out are in the potentials to improve efficiency and effectiveness and to improve services to the taxpayer. Contracting out, however, is not a panacea; it does not automatically result in the most effective approach to providing service, but it should be examined as an alternative to improve services. (Historically, NWS has had some good, but also some disastrous, contracting out experiences.) Thus, the challenges of contracting out and privatization are to properly structure and manage the relationship with the private sector so that the

experience is "win-win" for both the government and the private contractor. Key elements of such a successful relationship include dealing with the Federal workforce in a fair and equitable manner, well defined performance measures which define the government's expectations and a government project manager who understands the business of the activity being contracted out. The NWS currently utilizes private contractors for numerous activities and for special projects and, in accord with OMB guidelines, will be seeking additional opportunities to compete-out identified positions.

Mr. David believes that no "one size fits all" when it come to centralized or decentralized management. The style depends on the work environment and the business cycle. Either centralized or decentralized management can work well in the right environment with good planning. Many organizations combine the best of both centralization and decentralization.

When asked about the implementation of managerial cost accounting and the impact it will have on the financial community, Mr. David stated that the impact on the financial community isn't the issue - it doesn't matter.

*Continued on pg. 16*

*EASAB - Continued from pg. 9*

contact Andrea Palmer, 202-512-7360, palmera@fasab.gov.

**FASAB Staff Email Addresses Change Again:** The FASAB staff's email addresses have been changed to reflect FASAB's rights to the "FASAB.gov" domain.

The new email addresses now take the format: <last name plus first initial@fasab.gov> For example, comesw@fasab.gov is the email address for Wendy Comes, FASAB Executive Director.

**On the Web:** One of the changes resulting from FASAB receiving 203 status from the American Institute of Certified Public Accountants is that FASAB now posts the finalized minutes of its meetings to the web at [www.financenet.gov/fasab.htm](http://www.financenet.gov/fasab.htm).

As with all meeting minutes, there will be a lag time from formulating the draft minutes to finalizing the minutes.

**FASAB Codification:** Statements of Federal Financial Accounting Concepts and Standards, updated as of December 31, 2000 is available on the web at [www.financenet.gov/financenet/fed/fasab/pdf/cod4.pdf](http://www.financenet.gov/financenet/fed/fasab/pdf/cod4.pdf). For printed copy, contact GAO, 202-512-6000, and request publication SP-01-17.

**FASAB Exposure Draft: Reporting Corrections of Errors and Changes in Accounting Principles** (amends SFFAS 7), is available on the web at [www.financenet.gov/financenet/fed/fasab/pdf/ppa\\_1.pdf](http://www.financenet.gov/financenet/fed/fasab/pdf/ppa_1.pdf). Comments are due by June 11, 2001.

**FASAB Exposure Draft: Change in Certain Requirement for Reconciling Obligations and Net Cost of Operations** (amends SFFAS 7), is available on the web at [www.financenet.gov/financenet/fed/fasab/pdf/ed\\_para80.pdf](http://www.financenet.gov/financenet/fed/fasab/pdf/ed_para80.pdf). Comments are due by August 10, 2001.

**Soon to be available on the AAPC web page,** [www.financenet.gov/aapc.htm](http://www.financenet.gov/aapc.htm):

- 1) FASAB Technical Release 6: Implementation Guidance on Statement of Federal Financial Accounting Standards 10: Accounting for Internal Use Software; and
- 2) AAPC Draft Guidance: Reporting and Assurance Guide for Stewardship Land and Heritage Assets, October 3, 2000 version (for comment). AAPC contact: Monica R. Valentine, 202-512-7362, [valentinem@fasab.gov](mailto:valentinem@fasab.gov). ■

*A Joint Perspective*  
 - Continued from pg. 2

under the leadership of Mr. W. R. (Russ) Ashworth, Senior Procurement Executive with the U.S. Department of Agriculture. The project got underway in March, 2001. Mr. Ashworth oversees the efforts of two work teams co-led by Barbara Deiring of Office of Management and Budget with Rhea Riso of the Department of Housing and Urban Development, and Carol Covey of the Department of Defense with Lee Loftus of Department of Justice, respectively. A total of 21 agencies and 55 team members from both financial management and procurement staffs have participated. These volunteers have conducted extensive research of the significant authoritative sources including FASAB Standards, JFMIP documents, statutes, OMB documents, Federal Acquisition Regulations, and Treasury Financial Manual, among others to define the requirements for funds certification, obligation/deobligation, payment, and contract closeout. The Logistics Management Institute (LMI) is providing tremendous assistance for the entire process. We anticipate that a draft document will be ready for exposure by the end of September. The working relationship with the acquisition community has been wonderful. The results reflect common interest and true partnership in achieving systems that serve the government enterprise.

This fall work will continue in earnest on the development of the Non-Tax Revenue System Requirements document. Mr. David Kleinberg, Deputy CFO of the Department of Transportation, is the project leader. We look forward to welcoming a new Presidential Management Intern, Dan Costello, to take over the management of the project from the CFO Fellows Class of 2000/2001, whose members have now returned to their sponsoring agencies. Documents have been issued or are under development for 13 of the 15 functional areas. Only two areas, Insurance Claims and Budget Formulation, remain to be tackled.

Regarding testing and qualification of commercial core financial system software, certificates of compliance issued in 1999 will expire in 2002. Once the updated Core Financial System Requirements are issued this October, JFMIP will update the testing and qualification process to address requirements and strengthen risk mitigation based on agency experience implementing commercial products. Between 1999 and 2005, at least 20 of the 24 CFO agencies will replace their core financial system software with commercial-off-the-shelf products in one or more bureaus. Some of these agencies are replacing core financial management systems for their entire Department. The JFMIP testing and qualification process is designed to ensure that the base line vendor offerings

stay current with changing federal requirements in order to minimize the requirement for individual agencies to customize software to meet their needs. LMI estimates that the JFMIP testing and qualification process results in a 20 percent reduction in the expected cost of a core financial system implementation as the result of decreased need to customize software to meet federal functional requirements. Even with JFMIP qualification of software, selecting and implementing new systems is still difficult and expensive. The JFMIP testing strategy reduces risk for all, but should not be viewed as the "magic bullet" that allows agencies to easily implement new systems.

This *JFMIP News* issue also highlights ongoing work on devising a strategy to address interdepartmental eliminations. The FY 2000 *Financial Report of the United States Government* reported the inability of Federal agencies to identify and properly account for transactions with each other as a major barrier to achieving a clean audit opinion on the governmentwide financial statements. That document estimated \$250 billion in unreconciled differences. As a result of the new policies and procedures that were implemented in FY 2000, intragovernmental fiduciary transactions are no longer a part of the government's material deficiencies. However, buying and selling


*Continued on Next Page*

*Financial Management Profile - Irwin T. (Ted) David - Continued from pg. 15*

What matters is the impact of managerial cost accounting on the *program* community. Managerial cost accounting has gotten off to a slow start in the federal government, partially because many policy and program officials do not understand the power of managerial cost accounting for decision making. Cost accounting it is being used in entities that charge a price for their services (e.g., working capital funds), but many entities that receive funds from general appropriations have yet to adapt managerial cost accounting. NWS is implementing such a program to assist policy and program personnel to better understand and analyze operations. That is the vision of managerial cost accounting; the reality is yet to be realized.

In April 2001, the National Weather Service received "straight A" grades from the Federal Performance Project for performance management. Among the reasons for the "A" grade in financial management, the Project cited the agency's efforts to implement new financial reporting systems and to implement managerial cost accounting. In July 2000, Mr. David received the Frank Greathouse Distinguished Leadership Award from the Association of Government Accountants for his continued contribution in advancing government financial management. Mr. David is Chairman of the Finance Advisory Board of the USDA Graduate School and is a member (and interim chair) of the Audit Committee of the Defense Finance and Accounting Service. He was one of the

founding members of the Accounting and Auditing Policies Committee of the Federal Accounting Standards Advisory Board. Mr. David has written numerous articles and several books and speaks frequently to professional audiences on accounting, financial management, human capital, IT and related topics. Mr. David holds a Bachelor of Science degree in Chemistry (with honors) and a Master's Degree in Industrial Administration (with high honors). He achieved the second highest score in Illinois (and one of the highest scores in the Nation) in obtaining his Certified Public Accountant certificate and is a Certified Government Financial Manager.

Mr. David and his wife Jeri-Ann reside in Washington, DC. They have 4 grown children and 8 grandchildren. 

*A Joint Perspective*  
*- Continued from pg. 16*

activity among agencies continues to be irreconcilable. If these transactions are not properly eliminated, total U.S. Government assets, liabilities, revenues, and expenses will be misstated by the amount of these transactions. Implementation of draft guidance requiring agencies to produce component financial statements will further surface difficulties in eliminating government to government transactions within an agency as well as among agencies.

Many obstacles are associated with the elimination problem. Notably, agencies use disparate business practices and data structures that result in significant transaction differences. Most of the current solutions to these challenges focus on manual reconciliations, which consume significant agency resources.

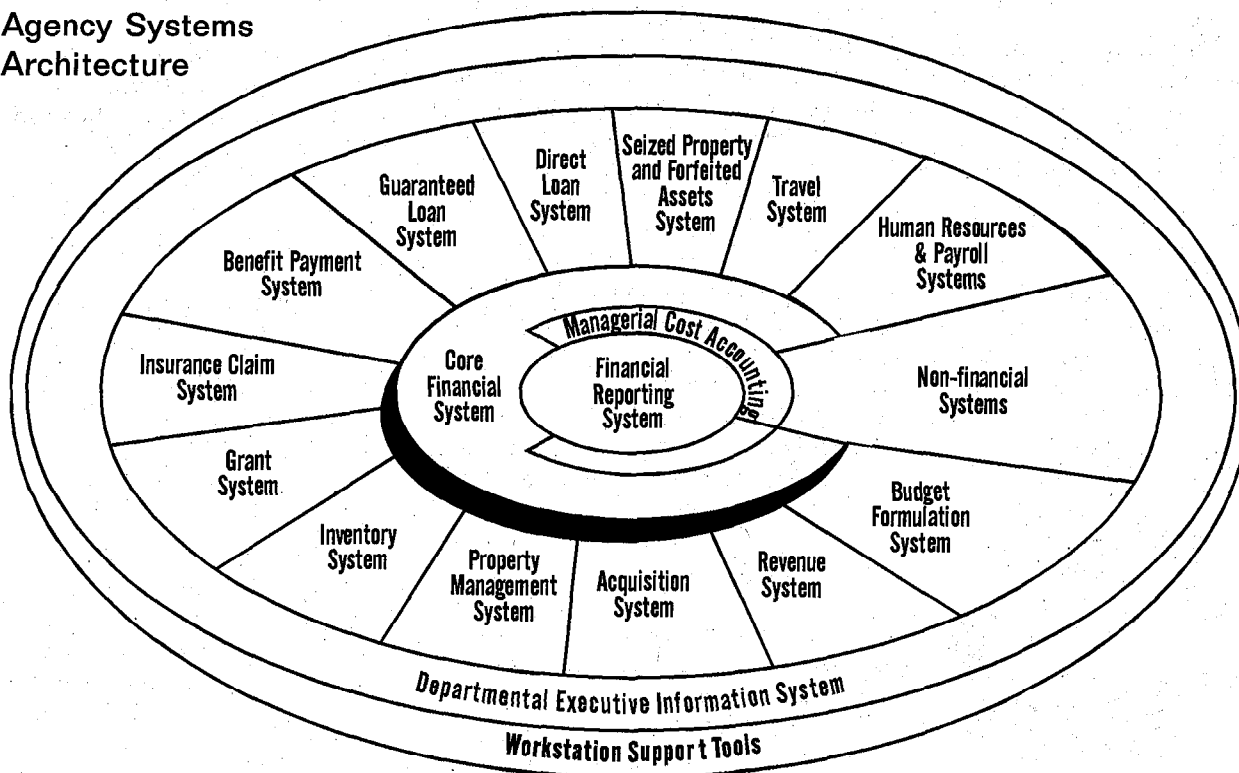
JFMIP has been chartered to use its central position to address this issue. We are building on past work by the CFO Council and other interagency teams. Key business partners supporting this effort include KPMG and the Private Sector Council. The goals of the

project are to recommend actions to reduce the scope of differences. The anticipated outcomes of this project are recommendations that, if implemented, will promote greater standardization and simplicity in accounting for intragovernmental transactions. With standardization and simplicity, automated tools can be developed. If these outcomes are attained, then agency costs associated with current manual reconciliation processes will be significantly reduced, and the prospects for an unqualified audit opinion on the U.S. Financial Statements will be significantly enhanced. The JFMIP project is evaluating current government practices and looking for best practices both in the government and the private sector. We extend our sincere thanks to Pete Smith of the Private Sector Council for his support of this project. On June 19, 2001 the Private Sector Council partnered with JFMIP to present a senior level forum with industry leaders to share their lessons learned in closing the books rapidly and efficiently dealing with inter-entity transactions.

### Progress Through Partnership

Current efforts and future plans are summarized in *JFMIP Results and Future Plans* which is posted at: [www.JFMIP.gov](http://www.JFMIP.gov). JFMIP conducts these efforts under the direction of our Steering Committee. Currently GAO's Jeff Steinhoff, Managing Director for Financial Management and Assurance, chairs the Committee. Other members include OMB's Deputy Controller, Joe Kull; Department of Treasury Fiscal Assistant Secretary Don Hammond; Bill Early, the CFO of the General Services Administration, and Kathleen McGettigan, the CFO of the Office of Personnel Management. We work in partnership with the CFO Council as well as other governmentwide committees. The high quality of our efforts reflects the broad participation of professional staffs from across federal agencies, as well as high quality contracting support from the LMI and KPMG. We also receive exceptional support from the Private Sector Council on selected projects. It is through these collaborative efforts that JFMIP is able to bring value to the community as a whole. ■

### Agency Systems Architecture



*Interior's Integrated Charge Card Program*  
- Continued from pg. 11

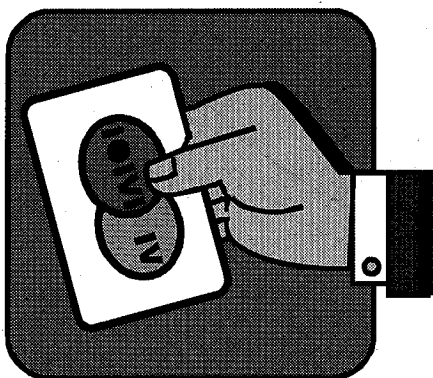
made the transactions exempt from state taxes. This alone will save over \$1 million a year.

Over 99% of transactions are electronically invoiced. On average, the bill is paid within three days of receipt. This rapid turnaround of payments earned DOI more than \$11.9 million dollars in rebates on the more than \$950 million dollars in charges made by its employees since December 1998. \$0.6 million has been paid to GSA and JFMIP based on DOI transactions.

The 4.1 million transactions made under the program account for a substantial majority of all financial transactions processed in our financial systems, excluding payroll-related processing. The automated interface between the Bank and DOP's financial systems has reduced the need for staffing in the procurement and financial management functions. In a little more than one year, the use of convenience checks has eliminated the need to generate more than 25,000 hard copy purchase orders valued less than \$2,500 and the handling of vendor invoices under those orders.

"Bank of America [formerly NationsBank] was the first financial institution to provide a one-card solution and is a leader in electronic banking and card processing. Along with our partners: IBM, Ernst & Young, and Total Systems we ensure that there are adequate resources in place to properly provide all the services required for the DOI integrated card solution," said Louis Goodson, Bank of America, Vice President, Government Services.

Interior shared their integrated credit card program as a "best practice" session at a recent professional development conference. For more information, contact Cynthia Martin at (202) 606-3144 or by email [cynthia\\_martin@ios.doi.gov](mailto:cynthia_martin@ios.doi.gov).



## Becoming a Successful Project Manager



A common cause of project failure is assigning under-skilled project managers to complex projects. With limited resources for implementing administrative systems, having well qualified personnel working on the system projects is a necessity. A dynamic project leader is needed for the successful implementation of a financial system in government agencies. The project manager must have the ability to lead an analysis of the current financial processes and then reengineer existing processes to fit the financial system functionality. There are many other skills and competencies needed to be successful.

What are these competencies? Find out in a recently issued document that the Chief Financial Officers Council's Financial System and Human Resources Committees developed with JFMIP. The *Core Competencies for Project Managers Implementing Financial Systems in the Federal Government* document identifies financial management, human resources, and technical competencies. The document is posted on the website, [www.jfmip.gov](http://www.jfmip.gov).

Other financial management core competencies for project team staff, such as financial system analysts, accountants and information technology personnel, were developed earlier. All of the documents are on the JFMIP website. For more information on core competency documents, contact [doris.chew@gsa.gov](mailto:doris.chew@gsa.gov).

## New Financial Management Systems Inventory

On August 1<sup>st</sup>, 2001 a new Financial Management Systems Inventory System will be available to the Chief Financial Officers (CFO) Act agencies and the Office of Management and Budget (OMB). The system is being developed by the General Services Administration (GSA), Office of Government-wide Policy with 8020 Data, Inc. This new single integrated system, which is Internet accessible, will provide a single source of information on financial management systems. It will provide a tool for both the agencies to collect information and monitor its own inventory of financial management systems as required by the CFO Act and for OMB to produce timely analysis and reporting of financial systems inventory data across the government.

Currently, agencies maintain their own systems to gather data and monitor their systems. This information is then entered into a Financenet based application using Lotus Notes via the Internet. OMB then extracts the information and locally performs analysis and produces reports. The new system, which is being developed using MS SQL-Server, will eliminate the need for redundant systems at the agencies and OMB. In the future OMB plans to integrate the inventory information with other OMB applications used for tracking IT investments.

Initial training for the new system is scheduled for July 24, 2001 at the GSA Auditorium, 1800 F Street NW, Washington, DC. For more information, access [www.fmsinventory.gov](http://www.fmsinventory.gov).

*New OPM Director and JFMIP Principal*  
- Continued from pg. 1

and Assistant Secretary for Public Affairs at the U.S. Department of Health and Human Services. She also has served on the Fairfax County and Virginia Boards of Education. She has previously served as Dean of the School of Government at Regent University, Chair of the National Gambling Impact Study Commission and Secretary of Health and Human Services in the Commonwealth of Virginia. She is a graduate from Hampton University in Hampton, Virginia.



## Exposure Draft Issued on Benefit System Requirements

*Benefit System Requirements* (JFMIP-SR-01-01) was issued as an exposure draft on May 4, 2001. Comments were due by July 15, 2001.

The document is available on the Internet at <http://www.jfmip.gov>. The exposure draft document addresses functional requirements that are mandatory for systems that are presently used in administering Federal benefit programs such as retirement, disability and income protection programs. Examples are Social Security OASDI and SSI, Veterans Compensation, Pension and Education, both civil service retirement plans, Retired Military Pay, Thrift Saving Plan (TSP) distributions, certain Federal Emergency Management Agency programs, and others. Federal health

care related benefit programs such as Medicare, Tricare, and Veterans Health care will be addressed separately.

When issued in final, the document will augment the existing body of Federal Financial Management Systems Requirements that define financial system functional requirements which may be used in evaluating compliance with the Federal Financial Management Improvement Act (FFMIA) of 1996. Agencies are encouraged to provide comments. In addition to general comments, please refer to the document's cover memo regarding the details on specific feedback being sought by JFMIP. ■

*JFMIP Detailees*

*- Continued from pg. 10*

Map with a concentration on the implementation phase. Mr. Coates completed a shadowing assignment of State Department Acting Chief Financial Officer Larry Eisenhart. He stated, "The experience was riveting and probably the pinnacle of my ELP stint." Mr. Coates



*Leon Coates*

developed a profile of Mr. Eisenhart for a future issue of the *JFMIP News*.

**Anita L. Hankerson**, a computer specialist at the Department of Justice, is an ELP participant on a 30-day detail assignment at JFMIP, starting on July 9. She is gathering information on the Central Contractor Registration System (CCR), and observing how financial system requirements are developed. She began working for the federal government in October 1981. She has a bachelor of science degree in Information Systems from the University of Maryland University College. A native Washingtonian, she is an avid reader and likes outdoors activities such as bicycling, swimming and tennis.

**Veronica D. Jett**, a budget analyst of the Ballistic Missile Defense Organization, had a 30-day developmental assignment that ended on June 28, 2001. She gained broad experience on project management, human resource issues, and financial system requirements.

**Nilda A. Lauterbach**, an accountant at the Department of State, is an ELP participant detailed to JFMIP from April 23 to May 25. Ms. Lauterbach worked on a variety of assignments in the human resources area. This included developing a survey questionnaire to gather information on the recruitment, retention and training of financial management system personnel. She interviewed a senior financial official for the JFMIP newsletter.

The Class 2001 Executive Leadership Program will graduate on August 31, 2001 in Baltimore, Maryland with over 300 participants from the various federal agencies. JFMIP congratulates these individuals and wishes them the best in their careers. ■

## Core Financial Systems Requirements Exposure Draft

The latest update to *Core Financial System Requirements* was recently issued as an exposure draft for comment. This document last updated February 1999. This most recent update reflects recent changes in the laws and regulations and in the governmentwide reporting systems such as the Department of Treasury's FACTS (Federal Agency Centralized Trial Balance System) II.

In addition some of the existing requirements have been clarified, redundant, or outdated requirements have been changed and new requirements have been added to reflect the

**EXPOSURE  
DRAFT**

and information obtained during JFMIP's testing of vendor core financial systems software.

The document is intended to assist federal agencies when those agencies are reviewing new core financial systems and when improving or evaluating existing core financial systems. The document provides the baseline functionality that core federal financial systems must have in order to support agency mission and comply with laws and regulations.

When finally issued this document will augment existing Federal financial management system functional requirements used in assessing compliance with the Federal Financial Management Improvement Act.

The requirements detailed in this document are stated as either mandatory (required) or value added (optional) system requirements. Agencies *must* use the mandatory functionality in planning the agency's core financial system improvement projects. ■

current core

financial system needs of the federal agencies. This document updates the prior *Core Financial System Requirements* (JFMIP SR-99-4) of February 1999. The revisions are the result of meetings with the agencies who are currently implementing core financial systems, input from the software vendor community,

## Mark Your Calendar



### March 12, 2002 JFMIP 31st Annual Financial Management Conference

Look for Future  
Issues



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The JFMIP News is published quarterly by the Joint Financial Management Improvement Program. The purpose of the newsletter is to promote sharing and dissemination of current financial management information, activities and practices.

Suggestions and article submissions are encouraged and may be sent to JFMIP NEWS at the above address, fax 202/219-0549, email [doris.chew@gsa.gov](mailto:doris.chew@gsa.gov).

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